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[*Note.*—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

II.—DISCUSSION ON THE STATEMENT OF DEMANDS FOR GRANTS FOR EXCESS EXPENDITURE IN THE YEAR 1954–55.

MR. CHAIRMAN : The House will now discuss the Statement of Demands for Grants for Excess Expenditure in 1954–55.

* SRI T. PURUSHOTHAM : Sir, this relates to 1954–55. Sir, the Government have placed before this House a Memorandum giving details of excess expenditure under certain Budget heads. As I just now said, this relates to 1954–55 and we see that all these items of excess expenditure have been scrutinised by the Public Accounts Committee. Out of the 12 items of excess expenditure the excess in the case of as many as 7 items is less than 3 per cent of the original Grant and it seems to call for no remarks.

The other items relate to the payment of enhanced rebate on sales of handloom cloth, additional expenditure on flood relief, running of gruel centres, etc., and I believe that the House would accept these items and sanction the excess expenditure in all these cases.

I wish to make one observation, Sir, with reference to " public health—sanitary works ". As early as 1954–55, it may be seen from the explanatory note placed before us, that large stocks of cast iron pipes were purchased and stocked for the accelerated programme of execution of urban water-supply and drainage schemes. But the Central Government have repeatedly stated —and this was also pointed out at the last conference of State Health Ministers—that the State Government have not utilised the Central Government grant for urban as well as rural water-supply schemes. It was stated in the Press reports that the allotments made for the purpose by the Central Government were surrendered by the State Government. We should like to have a true picture about this and know what the latest policy of the State Government is with regard to the pattern of assistance to municipalities and panchayat boards to carry out their water-supply schemes.

10-10 a.m. Under the Second Plan for the North Arcot district—I believe it is so for all other districts also—a pointed reference has been made to the urgent need for execution of municipal water-supply schemes. So, I would request the Government to tell us why these schemes are held up and I appeal to them to see that they are pushed through in the Plan period with the assistance assured by the Central Government.

One other point I wish to refer to and that is with regard to Grant XXX—Stationery and Printing. I find that the Government still go in for large-scale imports of stationery from outside India and incur large expenditure on such items. In view of the emergency that now faces the country with regard to foreign exchange, I hope, Sir, it should be possible for the State Government to institute a systematic drive to reduce to the minimum, if not give up altogether, the use of commodities involving foreign

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exchange. I believe it is the policy of the Government that we should use paper and all other articles of Indian manufacture in all departments including the Governor's Secretariat and the High Court. I should welcome an indication of the policy of the Government in this regard. With these words, Sir, I commend the Statement of excess expenditure for 1954–55 that is placed before this House for its acceptance.

SRI K. BALASUBRAMANYA AYYAR: Mr. Chairman, Sir, this is an additional Supplementary Grant that is asked for. A Supplementary Grant was asked for for the year 1954–55 and after three years this additional Supplementary Grant is asked for. Now we are in 1958. I should like to know why there has been so much delay especially when the reorganization of States had been completed and Malabar and other areas had been separated from our State. Sir, the difficulty is with regard to accounting of expenditure.

THE HON. SRI C. SUBRAMANIAM: Here accounting does not come in at all. It is only a regularization of the expenditure already incurred.

SRI K. BALASUBRAMANYA AYYAR: If it has been paid already, then it is all right. Still I should say that there is inordinate delay in this matter. One reason given is that the Public Accounts Committee looked into this matter only in 1956. That might be so. Even the Public Accounts Committee in their Report say that the departments do not give proper estimates. In this connection, I want to draw the attention of the Government to page 291 of the Report (Volume I) on the Accounts of the State of Madras for the year 1954–55, wherein it is stated—

'The Committee strongly desires that the departments should make more accurate estimates of their spending requirements and work up to them with a closer degree of approximation than at present, especially in the present context of financial stringency.'

* * * *

'The Committee desires to unpress upon the departments that, as all items of contingent expenditure such as electricity and telephone charges, rent of buildings, service postage stamps, etc. are capable of being closely assessed, the officers controlling contingent grants have a special responsibility for accurately tallying their outlay with their Budget allotment.'

In these recommendations, they state that the departments concerned should take great care in preparing estimates for schemes.

Now, one thing is of special importance. With regard to Grant XXVIII—Famine, item (ii), it is stated—

'A sum of Rs. 50,000 was originally provided for under this head. With a view to meet the additional expenditure towards payment of cash grants to persons affected by natural calamities . . . in the districts . . . and also towards meeting the

expenditure incurred by the Collectors for the distribution of gift rice . . . through the Director of Public Health a supplementary appropriation of Rs. 1,51,000 was obtained in March 1955 raising the final grant to Rs. 2,01,000. But the actual expenditure proved to be much larger, viz., Rs. 2,75,463.

Why is there so much difference? We could have estimated it a little higher, taking into account the amount of relief to be given.

THE HON. SRI C. SUBRAMANIAM : Even then they would have been taken to task.

SRI K. BALASUBRAMANYA AYYAR : Being famine relief, they would have been justified in estimating it a little higher. Here the actual expenditure was much higher.

Now, I want to refer to another point. If there is a small percentage of excess, the department seems to think that it does not call for any remarks. For example, in regard to one Grant there was an excess of 2·6 per cent but even then the departments said that it did not call for any special remarks. It may be that we do not attach much importance to it since we are not the sanctioning authority. Still, it has to go to the Assembly for sanction. I do not know what percentage of excess will call for special remarks from the department.

THE HON. SRI C. SUBRAMANIAM : Only if it is above three per cent.

SRI K. BALASUBRAMANYA AYYAR : But any excess expenditure requires some explanation. If it is a small amount, it does not matter.

The Public Accounts Committee have made very strong recommendations which have to be taken into consideration. For instance, with regard to the sale of fish to a private firm (paragraph 19, page 11) it has stated—

'In connection with a contract, entered into in 1951, with a private firm, for the sale of fish, stocked in a large irrigation reservoir, the Committee noticed a number of irregularities, such as non-execution of an agreement stipulating the rates to be charged for fish, non-recovery of security deposit for due fulfilment of the contract, unauthorized sales on credit, and supply of Government vehicles to the firm without agreement as regards the rate of hire and adequate security for the payment of the hire charges. An amount of Rs. 11,429, being the balance due to Government from the firm, has not so far been recovered, as the party had absconded, leaving no assets behind. The regularization of this transaction has been pending for over 5 years and even though Government ordered (as a final step) a full enquiry into the case on 28th February 1957, the Department had not completed the enquiry and fixed responsibility for the financial irregularities when the Departmental accounts were examined (in August 1957).

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The Committee regrets to observe the deplorable delay in this case and strongly urges that the enquiry should be completed and action taken against the persons concerned without any further delay." 10-20 a.m.

They have given certificates of solvency. Now I think they may be barren. But who was the officer and what was done with him? Nothing is known about it. This irregularity seems to be rather serious. From the very beginning the whole thing was irregular. There was no execution of an agreement, there was unauthorised sale on credit and there were no proper rates fixed. In spite of all these irregularities, nothing has been done to set right matters. Even the enquiry has not yet been finished. This is rather very bad. This is a case of gross negligence. From 1951 onwards this has been going on for seven years. The recommendations of the Committee have been made after going very carefully through all the connected documents. Therefore, I request the Government to take steps immediately for rectifying the mistakes and also for preventing such mistakes from occurring again.

SRI V. CHAKKARAI CHETTY : Sir, I shall only say a few words. As a preliminary statement, I think no useful purpose will be served by discussing this question, namely, the Demands for Excess Expenditure, now. This is something like an inquest over the body of a man knocked down by a lorry, where the jury returns a verdict of death due to accident. Now, they have already incurred the expenditure. They have swallowed the money and digested it. It has become the tissue of the body and now we are asked to accept and formally authorise the expenditure. This kind of post-mortem examination does not seem to do justice. If it is a case of their requiring more money, they should have come at the proper time with a demand for more money and they must be given that. But, now they have already spent the money. Even if we refuse to grant the money, nothing serious will happen. Therefore, it seems to me that no useful purpose will be served by our going through all the details and the various items of excess expenditure. The expenditure has already been incurred and, therefore, we are bound to authorise it. Otherwise, we would lay ourselves open to the charge of being an irresponsible body, lacking in financial propriety.

I sometimes feel quite at a loss to understand what purpose is going to be served by going through all these details of past expenditure. It is something like this. There is a mistress in a house, getting rice, dhal and other things and preparing the food for the houseowner. The houseowner eats it. Afterwards the mistress presents the bill and he goes through it after eating as he likes. This is like that, and this post-mortem examination is like that man going through the bill after putting everything into his mouth and digesting it.

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SRI K. BALASUBRAMANYA AYYAR: May I point out that Article 205 of the Constitution requires any excess expenditure within the year to be sanctioned by means of a Supplementary Demand after the year is over, that every Grant must be followed by an Appropriation Bill and that out of the Consolidated Fund, the amounts should be taken? If it is two or three years later as in the particular case here, Article 225 (B) says that it has to be met by a Supplementary Grant. Without appropriation, they cannot now justify the position. That is the difficulty. Therefore, they come to the Assembly and we have the privilege to discuss it.

* DR. V. K. JOHN: Mr. Chairman, Sir, apart from the constitutional difficulties just now pointed out, I am also wondering whether this Legislature can deal with the expenditure which was incurred in Malabar and South Kanara which have now separated. Now, we had in 1954-55 Malabar and South Kanara, and these Demands cover part of the expenditure incurred in these two districts also. As far as the States Reorganization Act is concerned, there is no particular provision that this Legislature has jurisdiction to deal with the expenditure incurred on Malabar and South Kanara which have separated from us. Probably, the Kerala and Mysore Legislatures also will have to discuss the Demands and pass them. I do not know the exact position. What I am saying is that this aspect may be examined for the purpose of finding out whether we have jurisdiction.

Now, Sir, there are eight Demands and they cover a sum of Rs. 19,48,558. As my hon. Friend pointed out, these Demands come up after one or two Supplementary Demands in 1954-55 itself—I do not know whether the number is one or two. Anyway, the Government are now compelled to bring forward these Demands because of the remarks of the Committee on Public Accounts. Not only this House but also the public should be obliged for the close attention the Public Accounts Committee have paid to these matters and we must be obliged to the Accountant-General also.

Now, I want to make one comment and only one on this Report of the Public Accounts Committee. Sir, on page 14, in paragraph 26, under the heading "State Trading Schemes", we find the observation that "finalisation of Civil Supplies pro forma accounts" should be expedited. Now, Sir, this discloses a sorry state of affairs. The amount involved is huge. I will read that portion before I make the comment. The Committee on Public Accounts say—

"While considering the accounts of 1953-54, the previous Committee decided that no time should be lost in finalising the pro forma accounts of the Civil Supplies Schemes and in establishing the final loss (if any) which requires to be written off. The work of casting up the final accounts is stated to have since been taken

up by the Department and according to the latest picture presented to the Committee, the Department has to liquidate liabilities to the extent of Rs. 3,67,28,306 and realise assets to the tune of Rupees 6,05,63,816 with reference to the balance-sheet as on 31st October 1953. In view of the large amounts involved, the Committee urges that all the suspense items in the Civil Supplies Accounts should be settled most expenditiously so as to arrive at the ultimate financial picture. The Committee suggests that this work should be completed at all costs before 31st March 1958."

Last year there was an observation that the recommendation of the Committee should be implemented. I should like to know whether this was followed or not. You will find from page 288 that this was not followed, as promised. But the point is this. The assets to be realised are Rs. 6 and odd crores and the liabilities to be paid off are more than Rs. 3½ crores. I do not know why these liabilities have not been paid off and the assets realised.

THE HON. SRI C. SUBRAMANIAM : Only the accounts are being formalised now.

* DR. V. K. JOHN : But it is definitely stated here that the department has to liquidate liabilities to the extent of Rs. 367 lakhs 10–30 a.m. and realise assets to the tune of Rs. 6 and odd crores, with reference to the balance-sheet as on the 1st October 1957. These figures are the amounts outstanding on the date this report is given. It cannot be that the amount outstanding is in 1953. The outstanding amount has not been collected. The Finance Minister is not one who will tolerate inefficiency, delay or corruption.

THE HON. SRI C. SUBRAMANIAM : If the hon. Member would read the next sentence, that will make the position clear.

* DR. V. K. JOHN : Sir, I should like to know whether there is any liability to be paid off now and, if so, what the approximate amount is. Is there anything to be collected by the Government and, if so, what is the approximate amount? Why was there so much delay in this matter? This is a pointer why Government should not take over business which they cannot do. Instead of leaving to business people the purchase of rice and other commodities, the Government took over the State-trading schemes. It was once stated in Parliament that a sum of Rs. 45 crores was lost. The share of the Madras Government in the loss was Rs. 5 crores. This must be a pointer to Government that they should not dabble in trading schemes. If they do, the accounts will be only in this state. I ask, 'If a private agency was doing this business which the State was doing, will the accounts be in this state—Rs. 6 and odd crores to be collected and Rs. 3 and odd crores to be paid?' This only shows that with all their desire to do things as best as they can, the Government are naturally incompetent to do business which ought to be left to the commercial community to do. It would have done it very well. It would have done business without loss.

THE HON. SRI C. SUBRAMANIAM : There is no question of loss here, please.

* DR. V. K. JOHN : The Central Government in their last year's Budget stated that an amount of Rs. 45 crores was the loss on State-trading schemes, and that a sum of Rs. 5 crores was allotted to Madras as its share of the loss. This kind of maintenance of accounts and this kind of delay in realising the assets and paying off liabilities can only take place in Government when they enter into any industry or trade and not in any private agency. The Government should, as far as possible, avoid going into business which the commercial community alone is competent to do. I do not see why we could not have asked the private agencies to buy rice and wheat and sell them at controlled prices instead of ourselves entering into this business. When the Government enter into this business, there is the liability for them to make payments and also the right to collect outstanding amounts. The Government have not collected the outstanding amounts in spite of the fact that they have not to file suits for recovery. The fact is that accounts are not properly maintained and that no action is taken in time. This is a lesson to everybody that Government ought not to enter into business, industry and trade, which is best done by private agencies. After all, we are not giving the business to foreigners. We are giving it only to the citizens of the country. A report on State-trading schemes involving crores of rupees takes one's breath away. The report says that there has been delay in the preparation of accounts, and that there was also misappropriation. I am not saying that nothing would have happened in a private concern. But I would, at the same time, like that hereafter we should have no necessity for calling the attention of the Government to the various matters to which this Committee on Public Accounts have called attention. Let us also note whether the Committee's recommendations are implemented. The Committee have said, 'The Committee suggests that this work should be completed, at all costs, before 31st March 1958'. I hope the Hon. the Finance Minister will be able to tell us by that time that all these accounts have been cleared. I stand corrected if I am told that this is not the figure to-day. Going through the Report gives one the impression that according to the figures of 1953 (Balance-sheet of October 1953), the department has to liquidate liabilities to the extent of Rs. 6 crores and has to collect Rs. 3 crores outstanding. But the wording of the Report shows that this is the amount outstanding at the time of this Report. If I am wrong, I should be very pleased to be corrected. But on reading the language of the Report of the Committee on Public Accounts, it appears that a sum of Rs. 3 crores has to be collected and Rs. 6 crores paid off. This is a very bad state of affairs, and I hope this will be cleared up.

May I, Sir, on behalf of the Members on this side of the House, request you to have a convention in matters like this to call a Member of the Opposition to open the debate and not a Member from the Party in power?

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MR. CHAIRMAN : Not a single Member of the Opposition offered to speak to-day. I must have some news beforehand in this matter.

* SRI A. GAJAPATHY NAYAGAR : கனம் மன்றத் தலைவர் அவர்களே, அதிகச் செலவு செய்து, அதைச் சரிக்கட்டுவதற்கு சபை முன் வருவது நியாயம்தான். முன் கூட்டியே எவ்வளவு ஜாக்கிரதையாக வரவு செலவுத் திட்டத்தைத் தயாரித்தாலும், சில விஷயங்களிலே அதிகச் செலவு ஆகிவிடுகிறது. அதிகச் செலவைக் குற்றமாகக் கொள்ளக்கூடாது, குறையாகச் சொல்லலாம். செலவு அதிகமாகச் செய்யட்டும், ஆனால் செலவு செய்யாமல் விட்டுவிடுவதுதான் பெரிய குற்றம் என்று எனக்குத் தோன்றுகிறது. கணக்கு எடுத்துப் பார்க்கும்பொழுது, அதிகச் செலவு செய்தது எவ்வளவு சதவிகிதம் இருக்கும், செய்யவேண்டிய செலவைச் செய்யாதது எவ்வளவு சதவிகிதம் இருக்கும் என்பதை அறிய விரும்புகிறேன். மத்திய சர்க்கார் நம் மேல் குற்றம் சாட்டுவது பல துறைகளில் நாம் செய்யவேண்டிய செலவைச் செய்யவில்லை என்பதுதான். மக்களுக்கு வசதி செய்து கொடுப்பதில் அதிகச் செலவு செய்யவேண்டும். அதிகச் செலவு செய்ததைச் சரிக்கட்டுவதற்காக சபை முன் வரும்பொழுது அதிகச் செலவு எவ்வளவு செய்திருக்கிறோம், செய்யவேண்டிய செலவில் எவ்வளவு செய்யாமல் விட்டுவிட்டோம் என்பதைக் கவனிப்பது நம்முடைய பொறுப்பும் கடமையும் ஆகும். மேலும் கனம் அங்கத்தினர் குறிப்பிட்டபடி இதைப்பற்றி விவாதிக்க நாம் கடமைப்பட்டிருக்கிறோம். கேரள ராஜ்யத்தோடு சேர்ந்த மலபார் பகுதிக்கும் நாம் முன்கூட்டியே செலவு செய்ததையும் சரிக்கட்டவேண்டும், சரிக்கட்டுவது சட்டப்படி நம்முடைய பொறுப்பு. 10-40 a.m.

இதை ஆதரிக்கும்பொழுது சர்க்காருக்கு ஒரு வேண்டுகோள் விடுகிறேன். சர்க்கார் செலவு செய்யவேண்டிய இடத்தில் அதிகமாகச் செய்யவேண்டும். குறிப்பாக, விருத்தாசலத்தில் மழையே கிடையாது. ஊற்று நீர்தான் அதிகமாக இருக்கிறது. குழாய்கள் மூலம்தான் தண்ணீர் இறைத்துச் சாகுபடி செய்யவேண்டும். குழாய் போடும் வேலை ஆரம்பிக்கப்பட்டும், அதைப் பூர்த்தி செய்யாமல் 3 வருஷங்களாக அப்படியே நிறுத்தி வைத்திருக்கிறார்கள். அந்த வேலை பூர்த்தி செய்யப்பட்டுக் குழாய்கள் போடப்பட்டுவிட்டால், குடி தண்ணீர் வசதியும் கிடைக்கும், மேலும் அதிக நிலங்களுக்குத் தண்ணீர் பாயும். இதை அடிக்கடி எடுத்துச் சொல்லியும் கூட சர்க்கார் இதைக் கவனிக்காதது பற்றி நான் வருத்தப்படுகிறேன். வடலூர், மேட்டுக்குப்பம், விருத்தாசலம், நெய்வேலி ஆகிய பிரதேசங்கள் வரண்ட பிரதேசங்கள். அங்கே குடி தண்ணீர் வசதி கிடையாது. குழாய்கள் அதிகமாக வாங்கிச் செலவு செய்யப்படாமல் இருக்கிறது என்று ஒரு நண்பர் சொன்னார். இரண்டாவதாக அங்கு அதிகம் தண்ணீர் வந்துகொண்டிருக்கிறது. அந்தத் தண்ணீரை நல்ல முறையிலே தேக்கி வாய்க்கால்கள் வெட்டிவிடவேண்டுமென்றால், அது என்ஜினியரிங் டிபார்ட்மெண்டு வேலை என்று சொல்லுகிறார்கள். பல்வேறு துறைகளிலுள்ள இலாக்காக்களும் ஒற்றுமையாக வேலை செய்தால், வீணாகக் காலதாமதம் ஆகாது, பணம் வீணாகச் செலவு ஆகாமல் மக்களுக்கு நல்ல முறையிலே அது பயன்படும் என்பதைச் சொல்லிக்கொண்டு, என்னுடைய உரையை முடித்துக் கொள்ளுகிறேன்.

SRI MOHAMED RAZA KHAN : Sir, I would like to say one or two words. Sir, there is considerable delay in the submission of the Report of the Public Accounts Committee. This is inevitable because it takes a long time for the Report to be submitted by the Accountant-General and for the Government to have it scrutinized. Now, the Secretary to the Legislature is the Secretary to the Public Accounts Committee, whereas the Finance Secretary was the Secretary to the Committee in the previous

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years. Although this is a report on the expenditure during 1954–55, I must say, Sir, that the Public Accounts Committee have done their job very well. Sir, the discussion at the meetings of the Public Accounts Committee has a salutary effect since officials are compelled to come forward and be present during the discussions and are called upon to explain the causes for excess expenditure. The officials feel that they have to go before the Public Accounts Committee and this acts as a check on the expenditure of Government.

It must be said to the credit of the Finance Minister that the Public Accounts Committee have done their part well.

THE HON. SRI C. SUBRAMANIAM : Sir, I am really grateful to the hon. Members who participated in this discussion and from the way they were able to present their case, it is evident that they have gone through this Report. This is a very illuminating document. Sir, the constitutional provision with regard to the expenditure should be familiar to the hon. Members. Under Article 266, no amount can be spent without the authority of the Legislature which authority is given to the Government by what is known as the Appropriation Law. Hon. Members also are aware that when we frame the Budget, it reflects only the estimated expenditure that would be incurred during the next financial year. This estimate of expenditure is placed before the Legislature and after discussion, the particular amount under each head is granted. In incurring the expenditure, it is necessary for the concerned department to see that it does not spend over and above the amount sanctioned under the Appropriation Law. If, in the execution of any particular sanctioned scheme, greater expenditure has to be incurred, we have to draw the money from what is known as the Contingency Fund which is referred to in Article 267. By submitting a Supplementary Demand before the Legislature that amount is obtained and it is again put in the Contingency Fund for use. It is not only in connection with extra expenditure in the sanctioned schemes that we resort to the use of the Contingency Fund but also in connection with new schemes that we may take up in the course of the year. It might become inevitable to take up new schemes. Then also we sanction them as new schemes and the money is allotted from the Contingency Fund with the sanction of the Governor. Later on a Supplementary Demand is moved before the Legislature and the necessary sanction obtained and another Appropriation Law also is passed in pursuance of that.

10-50 a.m. Sir, with reference to the actual expenditure on any particular transaction, I am sure, hon. Members will agree that it will not be possible to estimate the expenditure correct to a rupee or correct to a naya paisa. The difficulty is that sometimes our estimates are overpitched and sometimes our estimates are at a lower level. But under the financial codes of ordinary prudence if the variation is within three per cent either above or below the estimate, it is considered to be proper estimate and ordinarily no expla-

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nation is called for. But in respect of an excess over and above three per cent of the estimated expenditure, an explanation is called for. There will be an increased expenditure or there will be a shortfall in expenditure with reference to the estimated figure. Suppose there is an excess of expenditure. Then, it has got to be regularized by appropriate sanction given by the Legislature and that task is taken up with reference to any current financial year in the months of December and January. Therefore, the entire expenditure which is being incurred in any particular department in respect of particular schemes is reviewed in the months of December and January and then with reference to the actual expenditure incurred up to that time and the trend of expenditure, it is estimated what the actual expenditure would be at the end of the year. If it is found that there is likely to be an excess expenditure, then we ask for a Supplementary Grant with reference to that. Hon. Members should be aware that that is only an estimate of the trend of expenditure. Even there we are likely to commit mistakes. Suppose we find that we are not likely to reach the budgeted figure. Then we surrender the amount, saying that it is not likely to be spent by the department. As far as surrender is concerned, we need not come before the Legislature but any excess expenditure will have to be regularized by regular sanction of the Legislature. Simply because money is available under one head, we cannot automatically reappropriate it under another head. Each head will have to be considered as a separate entity and if there is any excess expenditure under a particular head, that will have to be regularized by the sanction of the Legislature, even though money might have been available under another head. That is the procedure we have got to follow.

SRI K. BALASUBRAMANYA AYYAR : That is, the Government surrender that amount and provide for it next year under that particular head.

THE HON. SRI C. SUBRAMANIAM : In the Budget estimate that will be taken into account and the money will be provided for if it is required for the scheme in the next financial year. That will go into the next year's Budget. But that is a different matter altogether. Therefore, we submit a Supplementary Demand in the month of April. It is with reference to the assessment and review we make in the months of December and January. In spite of that review, it is found that there is an excess of expenditure, under particular items and that there is a shortfall in expenditure under certain other items. It is these things that are scrutinized by the Public Accounts Committee—what are the cases where there has been an excess of expenditure and what are the cases where there has been a shortfall in expenditure. With reference to shortfall in expenditure, no legislative action is necessary because it is merely surrender of money which is passed on to the

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Treasury. But any excess of expenditure will have to be regularized when that financial year is over. That is why it is provided under Articles 205 and 206 of the Constitution that any excess expenditure will have to be regularized and that the entire procedure with reference to any Appropriation Bill under Articles 202, 203 and 204 will have to be gone through. It is no doubt true that the Public Accounts Committee conduct what we may call a post-mortem examination. But I am sure that you, Sir, a medical man, will realize the value of post-mortem examination. Now, the Leader of the House points out quite pertinently that because of post-mortem examination great discoveries have been made, further knowledge acquired and further damage prevented. That is certainly the function which the Public Accounts Committee are expected to discharge. In this connection, I want to pay my tribute to our Public Accounts Committee for the way in which they have been functioning. They have been functioning as a very efficient body, as the guardian of the funds of the Madras State. My department and I have been greatly benefited by the proceedings of the Public Accounts Committee. I am sure hon. Members also have been greatly benefited by the proceedings of the Public Accounts Committee. We are really glad that the experience and wisdom of this House are also now available to the Public Accounts Committee. I may tell you that even the Members of the Assembly who are Members of the Public Accounts Committee—even though there was resistance in the initial stage to the association of the Members of this House with the Public Accounts Committee—very greatly value the assistance and wisdom supplied by this House, if I may say so. I am particularly grateful to the hon. Members of this House who form part of the Public Accounts Committee which has now almost become an expert body with the association of the Members of this House. Now, by this post-mortem examination, we are able to find out the cause for the excess expenditure and the cause for making a wrong estimate and where it occurred. The Public Accounts Committee not only look into the cause for excess expenditure and shortfall in expenditure and ask for the explanation of the department concerned but also look into the various irregularities which might have crept into the administration, particularly with reference to financial matters of the State. State-trading schemes are also looked into by the Public Accounts Committee. Formerly, before the Constitution came into force in 1950, the procedure was the Report of the Public Accounts Committee was placed on the table of the House, there was a simple discussion on it, the matter was closed and nothing more was required to be done. But after the Constitution came into force, it has become necessary that an Appropriation Law should be passed to regularize the excess expenditure under particular heads. That is why the Appropriation Bill is coming up before this House also for discussion and it will have to be passed by the other House, as the body which is the ultimate authority in respect of financial matters.

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With reference to the Demands for Grants for Excess Expenditure in the year 1954–55, certain points were made by hon. Members. Reference has been made to pipes which had been purchased, and which were in excess of the requirements for that particular year. I do agree that particularly during that year cast iron pipes, spun pipes and various types of pipes were purchased in large quantities and stocked. I may inform this Hon. House that we were greatly benefited by those transactions because prices were going up and there was scarcity of commodities. Therefore, we thought that whatever the source might be, whether it was through imports or through private manufacturers in India, we should build up a large stock of pipes. But for that transaction, 11-00 a.m. many of the schemes that we were able to push through now, would have been completely staggered. Therefore, even though from a technical point of view, that interest might have been a loss, with reference to the prevailing prices and the prices at which we purchased the materials, it was a profitable transaction. Of course, we do not show it as profit because all our purchases immediately go into the stock account. If the prices had gone down, I would have had to plead before the House. But in these matters we have to take a certain amount of risk, we have to observe the trend of business and in the ordinary course of business, all these things are normal. Therefore, I say we made a good business of it. I always insisted that, as far as possible, as much quantity as necessary should be purchased and stocked.

Then, reference was made to stationery and the hon. Member Sri Purushotham was critical about foreign imports. I am sure he is aware of the present drive for restrictions on imports and promotion of exports. Therefore, not only with reference to stationery but with reference to other articles also, a very careful scrutiny is made to find out whether a particular article is available within India and it is only when such an article is not available within India and only when we come to the conclusion that we cannot get on without that article that we indent for it from outside. In this connection, I may give the assurance to this House that, as far as import is concerned, particularly in view of the critical foreign exchange position, very great care is taken and that every kind of scrutiny is made in respect of articles imported from outside the country.

Then, Sir, the hon. the Deputy Leader of the Opposition, Dr. John, referred to the accounts of the Civil Supplies Department. I am sure that hon. Members are aware of the circumstances under which rationing was undertaken—rationing, particularly, of rice was undertaken which was a legacy of the War period. We all knew that even though this rationing was essential, for undertaking this scheme the Government then were subjected to great unpopularity. It was reflected in the results of the General Elections of 1952. But even though some measures are unpopular, we have to take very difficult decisions. The point

with reference to this is whether we should play with the lives of the people or whether even at the cost of popularity and even incurring a certain amount of unpopularity, we should undertake certain things at some risk for supplying the basic needs of the community. I am afraid the hon. Member Dr. John has still not got out of that atmosphere of being in what is called a Police State wherein the State confines itself merely to police activities. (Interruption.) I would only request the hon. Member Dr. John to revise his attitude to Governmental activities. As far as I have been watching him for the past five years, I can say that he is making improvement, but I am afraid that it is very slow and that sometimes it is not even perceptible. (Interruption.) It is not only because he is allergic to anything, any scheme undertaken by the Government, but because he is allergic to nationalisation in any sector. That is why I am saying that if he wants to be a successful Deputy Leader of the Opposition, he will have to revise his attitude.

Sir, with reference to this State-trading scheme in respect of rice, it was no pleasure for the Government to undertake this difficult task. Still they had to undertake it and the Government who were responsible for it hoped that it would be a temporary phase and hoped to liquidate it every year. Therefore, that led to the keeping of accounts not in a proper way as it should have been done in a trading scheme. Accounts in the proper form were not kept as it would normally be done with reference to any business transaction. No attempt was made in that direction, because they thought that it was a temporary job and that accounting was not worth the trouble. But, unfortunately, when we wound it up, when the transaction was closed and when we abolished rationing with the concurrence of this House and the other House, we had to look into the accounts, and see that the transaction was regularized, that finally the balance-sheet was drawn up and that the accounts were closed.

DR. V. K. JOHN : Government also dispensed with many of the servants when they abolished rationing and that was also responsible for this.

THE HON. SRI C. SUBRAMANIAM : Only those who had nothing to do with this were discharged. When we looked into the accounts, we found that they had not been kept in the *pro forma* manner. As a matter of fact, the hon. the Deputy Leader of the Opposition will be interested to know that we did not discharge, particularly, persons in the Accounts Section. Not only that; we have supplemented the staff in the Accounting Section in order to go into these transactions from the very beginning, scrutinise every item and get it regularized. That is the task that is being done now. The entries were not in the form of regular day account, ledger account. The accounts are sought to be shown in that form

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now from month to month and from year to year with reference to the year 1953. Sir, a remark has been made in regard to the transactions in 1953, that with reference to the liability to the extent of Rs. 3 crores and the assets to the extent of Rs. 6 crores, the matter has not yet been scrutinized. Not that they were outstanding amounts which had to be realized with reference to assets and items which had not yet been paid with reference to liabilities, but only they had not been scrutinized. I have also been taking a keen interest in the scrutiny of accounts and I am trying my best to see that it is done as early as possible. But I am sure, particularly Members who have got some experience in business transactions, know that it is easy if regular accounts are kept, but that if accounts are kept in an irregular way, it is very difficult to set right matters. That is the difficulty we are facing now. It is just like this. A ball of thread properly rolled could be easily unrolled, but if it is not properly done, it is difficult to untie the various knots there. That is the difficulty we have. In spite of this, we have got a fine team of accountants put on this job. I am hoping that by 31st March 1958—it is not far off—we could finish it. But even if the job is not finished—not that we are doubtful about it—within the target date which is very near, I will not throw the blame on the persons who are in charge of it. For, they are trying their very best, they are working very hard and they are even working overtime. But in spite of that, if they are not able to do that, it should be taken as due merely to the physical impossibility of finishing the accounts. But I am hoping to achieve this by the target date.

Sir, the Report of the Public Accounts Committee and the discussion on it in the Legislature are very useful in that we may avoid mistakes in future and in that the irregularities which have crept into the administration in spite of our best vigilance may not occur in the future. But as we shut up known holes, new holes crop up. Therefore, I am not prepared to say that there will not be any mistakes on any remarks for the Public Accounts Committee to make in respect of last year's accounts or the next year's accounts (Sri K. Balasubramanya Ayyar : What about the sale of fish?), but, as human institutions are bound to commit errors, there may occur some mistakes. But we will endeavour our best—we are doing our very best—to make ourselves as efficient as possible and that is the attempt we are making as far as the governance of this State is concerned.

Sir, the hon. Member Sri Balasubramanya Ayyar referred to the sale of fish. 11-10 a.m.

THE HON. SRI R. VENKATARAMAN : I was wondering what interest Sri Balasubramanya Ayyar had in the sale of fish.

THE HON. SRI C. SUBRAMANIAM : He has got interest in it as long as he is a citizen of this State. Particularly, as long as he is a Member of this House, he is interested in every transaction. even though he may not be personally interested. I do agree that this is a transaction which should not have been ordinarily entered into. But we do come across such transactions with reference to not only the Central Government but also State Governments. In spite of ourselves, such things do happen. (Sri K. Balasubramanya Ayyar : It may be a case of larger amounts in the case of the Central Government.) After all, the degree does not matter. It is only the method of procedure that is more important. I may assure hon. Members of this House that we will take every care to see that such irregular transactions are not entered into, and that the persons who have been responsible for these irregular transactions are suitably punished so that it may be a lesson to others. But, in this case, there have been too many transfers of officers, first with reference to Andhra partition and then again with reference to the reorganisation of States. In some cases, the officer who was making the enquiry had to retire from service. The person who is in charge of it now has assured me that he will do his job as expeditiously as possible and submit his report to me. I think I have fixed a time-limit within which he should submit his report personally to me. So, Sir, I hope that the investigation will be carried out, and that the investigation, even though it may be a *post-mortem* examination, will serve as a lesson to us to avoid mistakes in the future.

DR. V. K. JOHN : Sir, will you kindly allow me to say how deeply the House is obliged to the Finance Minister for the very clear exposition of the procedure in accounts and also the position of the Government?

MR. CHAIRMAN : The House will now adjourn and meet again at 3 p.m. to-morrow.

The House then adjourned.

III.—PAPERS LAID ON THE TABLE OF THE HOUSE.

* 76. *First Report of the Committee on Subordinate Legislation.*

* 77. *Notification issued with G.O. Ms. No.* 23, *Home, dated 4th January* 1958, *regarding amendment to Madras Motor Vehicles Rules*, 1940.

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* Laid on the table of the House on 13th February 1958.